

REMARKS

Applicant has carefully considered the Examiner's remarks in the July 28, 2004 Office Action, and respectfully requests reconsideration based upon the following remarks, which attempt to highlight the clear differences between the present invention and the cited references.

I. THE INVENTION

Applicant's invention relates to an improved credit card system. More specifically, the invention provides a discretely apportioned available credit line that limits transactions that can be made for particular purposes in a manner custom fit to the cardholder. In an alternative embodiment, the credit card holder may create sub-accounts for specific purchases, for example, limiting the available credit to the value of an online or telephone transaction. A particularly preferred feature is the ability to always conserve some portion of the credit line for emergency use.

It is envisioned that the credit providing institution may assemble a list of categories and potential merchants, and then divide those merchants who subscribe to its credit service within those particular categories. When a transaction is made with the credit card, authorization will be made with respect to the particular category or merchant. The credit institution may also create discrete sub-accounts for particular purchases. This system will allow that in the event the credit limit has been reached in a particular category or sub-account, either through ordinary charging or through misappropriation, the card will remain effective for emergency charges (tow trucks, hospitals, etc.) or charges for essential items like food and prescription drugs.

Presently available systems provide methods to facilitate credit card verification systems

and to use credit card systems in different formats. None of the prior art addresses a credit card solution that apportions credit availability to specific purposes and limits false charges in each discrete billing category, while simultaneously allowing cardholders control over their own transactions and the transactions of other authorized card users.

The partitioned credit card system of the present invention combines the traditional advantages of credit cards with the advantages of a segregated credit line. For example, transactions authorized by the system for online commerce would be limited to a preset portion of the card user's total credit line. The cardholder is given the freedom to shop using a credit system while knowing that the card will always be functional in an emergency or for essential purchases.

Another advantage of this partitioned credit card system is its limitation of unauthorized transactions in any particular category up to that category's limit. Those who steal card numbers either during online transmission or through theft of the card itself are limited in their attempt to defraud the cardholder by preset categories and credit limits. Each category limit will be much lower than the total credit card limit, thereby greatly reducing the exposure of card users and credit institutions to unauthorized purchases. And even this limited exposure is eliminated for online and telephone commerce through the use of sub-accounts, which the user may establish for individual transactions. In this embodiment of the present invention, the user may create sub-accounts with credit limits equal in amount to the transaction amount. When the transaction is complete, the sub-account is empty so there can be no unauthorized purchases.

II. THE EXAMINER'S REJECTION OF CLAIMS 1-6

In the June 4, 2003 Office Action, the Examiner rejected claims 1-6 under 35 U.S.C. § 103(a) as being unpatentable over Fleming United States Patent No. 5,953,710 ("Fleming") in view of Cohen United States Patent No. 6,422,462 ("Cohen") and Chapin, Jr. United States Patent No. 5,984,191 ("Chapin"). The Examiner argued:

"Fleming teaches at a credit card system wherein a sub-account or an apportioned credit line is linked to parents credit account (see abstract, col. 3, lines 5+). Sub-account has a credit limit set by a primary account holder within the limit of the primary account. Since the apportioned credit line can be linked to one or more parents account, the credit line for the sub-account is equal among all credit cards associated with the credit line.

Although Fleming provides means to control and monitor sub account's activity by adjusting credit limit and number of transactions, Fleming fails to specifically teach or fairly suggest that credit line can be apportioned for specific classes of transactions.

Cohen teaches credit/debit cards for issuance by a card holder, the cards being limited to use in transaction at selected vendors only (see abstract; col. 5, lines 26+; col. 8, lines 41+).

In view of Cohen's teaching, it would have been obvious to an ordinary skill in the art at the time the invention was made to employ additional means to authorize transaction based on selected vendors to the teachings of Fleming in order to reduce questionable transactions by sub-account holders. Although

Fleming provides detailed transaction report by sub-account holders, the report simply shows consummated transactions, not avoiding them. By reducing allowable credit limit or number of transactions, genuine need for purchases can be unintentionally hampered. Yet, the undesirable purchases can still occur. Accordingly, one would be motivated to filter at vendor level as disclosed in Cohen as to who may be the approved merchants are (i.e., children is allowed to use the card for tuitions, books, selected entertainment providers, etc.), and therefore, an obvious expedient. Moreover, since particular vendors are selected and authorized, the vendor can provide products or services over the Internet or telephone (Cohen, col. 3, lines 34+).

Fleming/Cohen Fleming [sic] fail to specifically teach or fairly suggest that a portion of the credit line is reserved for emergency purposes.

Chapin teaches a credit card system (see abstract; col.. 2, lines 12+) wherein a credit line is reserved for emergency purposes (col. 8, lines 38-62).

In view of Chapin's teaching, it would have been obvious to an ordinary skill in the art at the time the invention was made to allocate a specific credit line or a part of the credit line or a part of the credit card balance for emergency purposes. Allocating credit card balances or limits for specific purposes are generally known in the art for accounting purposes or for truly "emergent" needs. Accordingly, as disclosed by Chapin, one ordinary skill in the art can contemplate allocating credit line on use basis."

III. THE EXAMINER'S REJECTION OF CLAIMS 1-6 SHOULD BE RECONSIDERED

Fleming discloses little more than a mechanism for supervising credit or debit card usage.

The disclosed methods and systems include a child's credit card account linked to a parent's credit or debit card account. The parent may change the child's available credit without changing the total combined available credit for the child's and the parent's accounts. In addition, Fleming teaches that an expenditure counter figure associated with the child's account can be used by the parent to enable the child to make an unlimited number of purchases, a limited number of purchases, or no purchases. The parent may also make a single payment for both the child's and parent's credit card accounts. The methods and systems may also be used outside of the parent/child context whenever supervision is required. For example, they may also be used by a single individual to provide limited credit card usage in less secure environments (See Abstract).

Fleming is almost exclusively concerned with the parent/child relationship. Fleming is essentially silent as to the many alternatives disclosed in the present application. More importantly, Fleming neither teaches nor suggests the safety feature that is a principal component of Applicant's invention. As disclosed in amended Claim 1, applicant's system incorporates an important safety feature unanticipated by Fleming. Specifically, Applicant segregates some portion of the credit limit for emergency purchases. Thus, even if the credit card is overextended and would be declined for all other purposes, applicant's system would allow its user to buy gasoline or make a phone call, etc. Undoubtedly, Fleming would certainly have included this kind of feature if it had occurred to him. What parent isn't intensely concerned with his or her child's welfare?

Cohen is equally silent on the question of reserving funds for emergency situations.

Cohen is concerned with limited use credit cards, i.e., cards issued, for example, to children or employees which may be used only in certain pre-approved establishments. The thought process behind this is apparently to minimize credit card fraud. This sounds like a good idea, but it bears no resemblance to the "emergency" capability of Applicant's product. A card that lets your daughter buy books at Barnes & Noble doesn't do much good if she needs to buy gasoline to get home.

With all due respect, the Examiner's interpretation of Chapin is far more comprehensive than the actual disclosure. Chapin teaches assigning a particular line of credit to a magnetic stripe on a card. Specifically, Chapin discloses: "Another advantage is the ability to assign specific lines of credit...[f]or example, charging emergency uses , such as health care expenses, to one of the magnetic stripes and personal uses to other magnetic stripes." In short, Chapin is primarily directed to a bookkeeping function and the emergency/personal uses distinction is in the context of an employee separating out expenses.

In contrast, the present invention claims a credit card system wherein at least a portion of said credit line is reserved for emergency purposes. Chapin fails to teach apportioning a subset of a single credit line for emergency use. Rather, Chapin merely discloses a method of assigning each magnetic stripe on a card for a different purpose, thereby making bookkeeping easier. Without apportioning a subset of the credit line specifically toward emergent needs, a card that is simply equipped with an emergency stripe will be of no use if the entire credit line had been exhausted for other purposes. When you are out of gas, for example, it makes little difference that you have a stripe for the transaction if the funds are lacking. Chapin, like the other cited references, fails to recognize the importance of saving a little something on your credit line for a

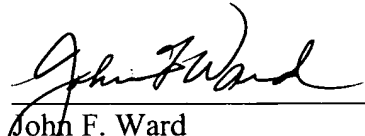
rainy day. Accordingly, the Examiner's objections to Claims 1-6 under 35 U.S.C. § 103(a) should be reconsidered and withdrawn.

CONCLUSION

In view of the foregoing, the applicant respectfully submits that the present invention represents a patentable contribution to the art and the application is in condition for allowance. Early and favorable action is accordingly solicited.

Respectfully submitted,

Dated: October 28, 2004



John F. Ward
Reg. No. 33,811
WARD & OLIVO
708 Third Avenue
New York, New York 10017
(212) 697-6262